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MR 78-169 #2

By DJH Date 11/4/50

February 10-13, 1959 material
Reported February 13

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Synopsis of State and Intelligence material reported to the President

BERLIN

Despite high level Soviet suggestions of postponement of the May 27th date for turnover of access controls to the GDR, Communist statements at the local level continue to point to this date as a turnover date. An East German newspaper article points to this date as the time of American departure.



JAPAN - KOREA

The South Korean Government has threatened to break off relations with Japan and to seize any repatriation vessels which may be taking Korean exiles to North Korea. There is a threat that Korea may capture Japan's fishing vessels in retaliation. There is a possibility that Japan will eventually bring this matter to the UN.

NATO

In briefing the Italian Ambassador on the tripartite talks, our State Department has made every effort to play it in a low key. However, when informed that Africa might be the next subject of the talks, the Italian Embassy stated that Italy was opposed to tripartite talks and felt that they should be included. They intend to raise the matter again.

LAOS

The Laotian Government announced on February 11th that it is no longer bound by the 1954 Geneva Agreements. This action will probably provoke strong adverse reactions not only from France but from the Sino-Soviet bloc and India as well. It will end exclusive French control of Laotian military training.

MIDDLE EAST OIL

Price cuts in Middle East oil may be imminent. This development, following the recent cut in the Venezuelan crude price resulting from the

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current world-wide oversupply of oil, is likely to dismay Arab government officials. The Arab governments have actually planned on larger oil revenues. Arab pressure for more favorable profit-splitting will increase, and forces favoring greater participation in the oil company operations will be strengthened.

TUNISIA - FRANCE

Tunisia's disclosure of a French espionage network in Tunis probably will result in a substantial deterioration of its relations with France. Tunisia has dismissed all French employees in its Postal, Telephone, and Telegraph system and may abrogate the technical aid agreement concluded last August to modernize Tunisia's telecommunications.

EGYPT

Nasser has decided to call off his campaign against the Communists. The reason is allegedly that while Nasser is attacking the Communists the Western press is attacking him. This does not include the U.S.; rather, it is the British and French who have been conducting these attacks.

Hare believes a contributing factor to this is the recently developed dispute over the financial agreement with the British. However, Hare believes the most likely reason for cutting off the attacks against the Iraqi Communists is the fact that such an approach has not managed to swing Iraq toward the UAR.

John S. Eisenhower



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